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EUROPE

1. GERMANY: Adenauer backs European Council entry--According to US High Commissioner McCloy in Bonn, Chancellor Adenauer has privately declared he now feels prepared to proceed with the entry of the Federal Republic into the Council of Europe. Adenauer indicated that the recent resolution of the income tax problem and the High Commission's clarification of the manner in which the German delegation to the Council might communicate with the Council's secretariat have enabled him to come to this decision. The Chancellor proposes to put the matter before his Cabinet prior to the London meeting of the western Foreign Ministers, postponing Bundestag debate until after that meeting. Adenauer believes that he will receive the unanimous support of the Cabinet and a small majority in the Bundestag even if, as McCloy warned, the London meeting does not produce "a set of new concessions to Germany.

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2. CZECHOSLOVAKIA: <u>US urged not to break relations</u>—US Embassy Prague estimates that the recent Czechoslovak note demanding a two-thirds reduction in the Embassy's staff because of alleged espionage was intended either to goad the US into breaking relations with Czechoslovakia or, if the US does not do that, to score a significant propaganda victory and henceforth to restrict the Embassy's operations severely. The Embassy considers that even though Czechoslovak conduct amply justifies a break in diplomatic relations, it is not to the advantage of the US to do so at this time; the Embassy argues that the presence of the US mission in Czechoslovakia encourages the anti-Communist population and that the Embassy will still be

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able, despite restrictions, to provide useful information and guidance to the US. Embassy Prague, believing that the Kremlin probably ordered the Czechoslovak Government to make things as difficult as possible for the US but not to take the initiative in severing relations, suggests that this by itself is sufficient reason for the US to remain in Prague.